

Proposed Revised Developmental Bylaws

1.1.8 “Developmental Stage” means the period of time that these Developmental Bylaws are in effect.

1.1.33 “Operational Bylaws” means the unadopted bylaws, as they may be amended pursuant to Section 7.2.6, attached as Exhibit D.

1.1.45 “Transmission Agreements” means the agreements initially offered by the Developmental Board to transmission owners and operators that, when effective, will allow the Corporation to perform services to be provided by the Corporation to transmission customers over or with respect to those transmission owners’ or operators’ transmission facilities; provided, however, that a stand-alone agreement that provides only for the Corporation to serve as a control area operator for transmission owners and operators shall not be considered a Transmission Agreement for the purposes of Sections 13.1 and 13.2.

3.1 Purposes.

3.1.1 Purposes. The purposes of the Corporation are:

(i) to prepare for the Operational Stage by

(a) developing and negotiating Transmission Agreements with transmission owners and operators within the Geographic Area and endeavoring to do so within six (6) months from the date the Developmental Board of Trustees is seated;

(b) developing tariff provisions describing services and related protocols for the Operational Stage of the Corporation that build upon the technical work developed by the Regional Representatives Group work groups prior to the seating of the Developmental Board;

(c) in that development and negotiation, promoting and fostering regional stakeholder input, garnering broad regional support, and considering such matters as economic efficiency and fairness, reliability, cost-effectiveness, risks and rewards, fuel diversity and sustainability, and environmental effects;

(d) securing execution of Transmission Agreements by transmission owners and operators in the Geographic Area to commence the Operational Stage of the Corporation;

(ii) to engage in the following activities within the Geographic Area:

(a) coordinate the development and implementation of a flow-based approach to system reliability, operations, planning and expansion,

- (b) coordinate transmission planning and develop transmission expansion plans,
 - (c) facilitate participation of transmission providers in a common OASIS site;
 - (d) develop and facilitate implementation of improvements to system reliability and security (including enhancements to system modeling, analysis and data exchange, reserve sharing arrangements, and reactive energy management); and
 - (e) hire an independent market monitor to monitor transmission and related wholesale power markets and coordinate with other market monitors inside or outside the Geographic Area; and
- (iii) to take such other actions as are necessary and appropriate to accomplish the foregoing, including addressing potential seams issues.

3.2 Limitations. Notwithstanding any other provision of these Developmental Bylaws, the Corporation shall have no authority to do any of the following:

- (i) own, control, or operate any electric utility facilities subject to the jurisdiction of any state, provincial, or federal utilities regulatory commission;
- (ii) purchase, sell, transmit, or deliver electric energy or ancillary services except as it may purchase retail service for its own account and consumption;
- (iii) participate in any electric energy or ancillary services market or transaction subject to the jurisdiction of any state, provincial or federal utilities regulatory commission;
- (iv) make any filing (other than in response to a subpoena or to make jurisdictional challenges) with any state, provincial, or federal utilities regulatory commission; provided, however, that nothing herein shall limit any Member from making any regulatory filing;
- (v) upon election of the Developmental Board of Trustees, spend or borrow beyond the approved limits in the Funding Agreement; or
- (vi) adopt the Operational Bylaws, except as provided in Section 7.2.5.

5.1 Powers and Rights of Members. The Members shall, subject to these Developmental Bylaws and applicable law, have the rights and powers listed in Sections 5.1.1 through 5.1.3:

5.1.1 Exclusive Member Rights. The Members shall have the exclusive right and power to

(i) nominate and elect members of the MRC pursuant to Section 6.3;

(ii) remove members of the MRC without cause pursuant to Section 6.6;

(iii) approve amendments of these Developmental Bylaws proposed by the Developmental Board of Trustees pursuant to Section 7.2.6 (subject to the applicable provisions of Sections 5.13 and 5.14);

(iv) override a proposal by the Developmental Board of Trustees to dissolve the Corporation as provided in Article XIII (subject to the applicable provisions of Sections 5.13 and 5.14);

(v) approve a proposal by the Developmental Board of Trustees to adopt the Operational Bylaws;

(vi) approve amendments of the Operational Bylaws proposed by the Developmental Board of Trustees pursuant to Section 7.2.6 (subject to the applicable provisions of Sections 5.13 and 5.14); and

(vii) participate in advisory votes submitted to the Members by the Interim or Developmental Board of Trustees pursuant to Section 5.15

5.14.5 Tabulation of Member Votes on Dissolution. This Section 5.14.5 applies to Member votes on resolutions to dissolve the Corporation submitted to the Members under Article XIII.

(i) Only if four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, in favor of a resolution by the Developmental Board of Trustees to dissolve the Corporation submitted to the Members under Article XIII may the Developmental Board of Trustees proceed with dissolving the Corporation.

(ii) The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with the tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within the Member Class as a whole that has voted in favor of or against the resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

5.14.6 Tabulation of Member Votes to Approve Bylaws Amendments. This Section 5.14.6 applies to Member votes with respect to proposed amendments of the Developmental Bylaws or Operational Bylaws under Section 7.2.6.

(i) If four (4) out of five (5) Member Classes vote, each by a margin of at least two-thirds (2/3) of the total voting power held by the Member Class, in favor of an amendment to these Developmental Bylaws or the Operational Bylaws proposed by the Developmental Board of Trustees in accordance with Section 7.2.6, then the proposal amendment shall be approved and shall take effect.

(ii) The vote by each Member Class shall be tabulated separately. In addition, with respect to Member Classes that include Member Sub-Classes, the proportion of voting power cast in each Member Sub-Class shall be tabulated separately, then aggregated with tabulation of other Member Sub-Class votes within the Member Class to determine the proportion of voting power within Member Class as a whole that has voted in favor of or against the proposal or resolution. An example of how Member Class and Member Sub-Class voting power is to be calculated is set forth in Exhibit E.

7.2.3 Developmental Board Members.

(i) There shall be seven (7) members of the Developmental Board of Trustees.

(ii) At least a majority of the Developmental Board of Trustees in office shall possess knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area.

7.2.4 Developmental Board Term.

(i) Prior to election of a new Developmental Board of Trustees pursuant to Section 12.2.3, each Developmental Board Trustee's term of office shall extend only until either an Operational Board of Trustees is elected pursuant to the Operational Bylaws, a new Developmental Board of Trustees is elected pursuant to Section 12.2.3, or the Corporation is dissolved, whichever comes first.

(ii) If a new Developmental Board of Trustees is elected pursuant to Section 12.2.3, it shall be divided into three (3) Trustee groups of three (3), two (2) and two (2) members each. Three (3) of the initial Trustee positions shall be two- (2-) year terms, two (2) of the initial Trustee positions shall be three- (3-) year terms, and two (2) of the initial Trustee positions shall be four- (4-) year terms. After the expiration of the initial terms, all Trustee positions shall carry three- (3-) year terms. Trustees shall serve for the duration of their terms in accordance with these Developmental Bylaws and until their successors are elected. A Trustee elected to fill a vacancy mid-term shall serve for the remainder of the term of the Trustee being replaced and until a successor is elected.

7.2.6 Amendment of Bylaws. The Developmental Board of Trustees may amend these Developmental Bylaws and the Operational Bylaws only by the affirmative vote of at least two thirds (2/3) of the Trustees then in office and an affirmative vote of the Members, with the votes tabulated as provided in Section 5.14.6; provided, however, that adoption of the Operational Bylaws pursuant to Section 7.2.5 shall not be considered an amendment of these Developmental Bylaws; and provided, further, that any provisions of Sections 5.14 and 6.3.2 relating to the qualifications and voting rights of Members of any Member Class or Member Sub-Class may be amended only by the affirmative vote of a majority of the Members present and entitled to vote in such Member Class or Member Sub-Class at a duly held meeting of the Members in such Member Class or Member Sub-Class. All Members must receive at least thirty (30) days' notice of any vote on any proposed amendment of any of such provision.

7.2.7 Identification and Nomination of Suitable Candidates.

(i) Before each election of Trustees under these Developmental Bylaws, the executive search firm selected by the Board of Trustees under Section 7.1.13 shall develop a slate of qualified candidates. The Board of Trustees in consultation with the MRC may direct the firm provide a specific number of candidates, with the minimum to be equal to the number of vacancies plus one (1) and the maximum to be twice the number of vacancies to be filled in such election. Trustees and MRC members may submit the names of proposed candidates to the executive search firm for consideration. Members of the Corporation may also submit the names of proposed candidates to the chairperson of the MRC, who shall forward those names to the executive search firm. Unless a Trustee has given notice to the Secretary of the Corporation that he or she does not wish to be considered for re-election, any Trustee whose term is expiring as of an upcoming election shall be automatically included among the candidates to be considered by the MRC for nomination.

(ii) Two thirds of the slate of qualified candidates identified by the executive search firm shall include individuals possessing knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area. The slate should include individuals possessing, collectively, executive management experience or board experience with electric utilities and personal abilities and qualities, such as integrity, leadership, problem-solving, facilitation, and consensus-building. The search firm shall endeavor to include individuals with relevant experience in commodities markets (including commodities trading risk management), electric bulk power transmission in the Western Interconnection, utilities law, finance, economics, accounting, information technology, engineering, regulation, and public policy; and to achieve racial, ethnic, age, and gender diversity. In screening potential candidates the executive search firm shall be instructed to exclude any candidate likely to have a conflict of interest with the duties of a Trustee. The executive search firm shall also be instructed to obtain appropriate disclosures by candidates (covering themselves and Related Persons to such candidates) regarding financial interests in or other potential conflicts of interest with Market Participants, Members, and major contractors of the Corporation. Such disclosures shall also

include any such financial interests or other potential conflicts of interest known by the candidates with respect to other family relations of the candidates. The disclosures of qualified candidates shall be made available on a confidential basis to the MRC upon its election.

(iii) The MRC shall nominate candidates to stand for election from the slate of qualified candidates presented by the executive search firm, together with any sitting Trustees the MRC wishes to nominate for re-election as provided in Section 7.2.2(i). The MRC may designate any nominee to run unopposed if the proposal to so designate the nominee receives the affirmative vote of not less than twenty (20) MRC members.

7.2.8 Election of Developmental Board of Trustees.

(i) The members of the Developmental Board of Trustees shall be elected by the members of the MRC, in accordance with the provisions of this Article VII.

(ii) The members of the Developmental Board of Trustees, including nominees designated by the MRC to run unopposed, shall be elected by the affirmative vote of not fewer than twenty (20) members of the MRC unless there is a need for runoff elections as specified in Section 7.2.7(iii). In any election of Trustees, each member of the MRC shall be entitled

- (a) to a number of votes equal to the number of vacancies to be filled in the election; and
- (b) to vote for any nominee for Trustee.

Each MRC member shall be required to vote for as many nominees as there are vacancies to be filled in the election; provided, however, that no member of the MRC

- (1) may cast more than one (1) vote for any given nominee;
- (2) may vote for any number of nominees in excess of the number of Board vacancies to be filled in such election, or
- (3) is required to vote for an unopposed nominee for whom the Member did not vote affirmatively to nominate.

Except with respect to the vote on a nominee designated to run unopposed by a Member that did not support the nomination, if any member of the MRC fails, in any election of Trustees, to cast each and all of the votes that such MRC member is entitled to cast, each vote that such MRC member has failed to cast shall be allocated at random, one by one, to another MRC member and cast by such MRC member in favor of a nominee of such member's choice for Trustee in such election. Except as permitted in connection with runoff elections as specified in Section 7.2.7(iii) below, the Trustees-elect shall comprise only those nominees receiving the highest vote (but not in any event fewer than twenty (20) votes) of the MRC members, up to such number of nominees as is equal to the number of Board vacancies to be filled in such election; provided, however, if less than a majority of current Trustees have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 20 votes as are necessary to

create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 20 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. If a vacancy cannot be filled because two (2) or more nominees receiving at least twenty (20) votes receive the same number of votes, a runoff election shall be held among such nominees and shall be repeated until the tie is broken. At any time during the identification of candidates for nomination or during the process of electing Trustees, the MRC may request that the executive search firm undertake a further search for additional candidates for any vacant position(s).

(iii) (a) If fewer than the requisite number of nominees receive twenty (20) or more votes in an election of Trustees, a first-round runoff election shall be held among the nominees receiving fewer than twenty (20) votes; provided, however, if less than a majority of current Trustees plus Trustees-elect have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 20 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 20 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. The number of nominees for which the MRC may vote in a first-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who received receive twenty (20) or more votes in the initial MRC vote. The number of nominees standing for election in a first-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the first-round runoff election those nominees who receive the fewest votes in the initial MRC vote.

(b) If fewer than the requisite number of nominees receive twenty (20) or more votes in the first-round runoff election, a second-round runoff election shall be held among the nominees receiving fewer than twenty (20) votes; provided, however, if less than a majority of current Trustees plus Trustees-elect have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 20 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 20 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. The number of nominees for which the MRC may vote in a second-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who receive twenty (20) or more votes in the first-round runoff election. The number of nominees standing for election in a second-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from further consideration those nominees who received the fewest votes in the first-round runoff election.

(c) If fewer than the requisite number of nominees receive twenty (20) or more votes in the second-round runoff election, there shall be a third-round runoff election to fill any

remaining vacancies, and the minimum number of MRC votes required to elect a Trustee in a third-round runoff election shall be sixteen (16); provided, however, if less than a majority of current Trustees plus Trustees-elect have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 16 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 16 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. The number of nominees for which the MRC may vote in a third-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who received receive twenty (20) or more votes in the second-round runoff election. The number of nominees standing for election in a third-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the third-round runoff election those nominees who receive the fewest votes in the second-round runoff election. If there are any vacancies remaining to be filled after a third-round runoff election, those vacancies shall be filled by the nominees who received the greatest number of votes in the third-round runoff election. The MRC chairperson shall draw lots to break any ties as necessary to carry out the provisions of Section 7.2.7 and its subsections.

(iv) Immediately upon completion of the election of Trustees, the Secretary of the Corporation shall provide official notice of the results of such election to the members of the MRC and the Members. Unless otherwise specified herein, the MRC shall determine the appropriate mechanisms and election procedures for elections of Trustees, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the MRC designates.

12.2.3 Conduct of Member Vote. If a majority of the Member voting power votes to approve adoption of the Operational Bylaws as provided in Section 5.14.8, the Board of Trustees must adopt the Operational Bylaws to supersede these Developmental Bylaws without further Member action upon satisfaction of the requirements of Section 7.2.5. The Member vote required by Section 12.2.2 shall be subject to all applicable requirements of these Developmental Bylaws concerning providing notice of and conducting Member meetings (including, without limitation, Sections 5.13 and 5.14). If a majority of the Member voting power does not vote to approve adoption of the Operational Bylaws as provided in Section 5.14.8, the Board of Trustees may either:

(i) initiate the candidate identification and nomination process pursuant to Section 7.2.2 and establish a date for a meeting of the MRC to elect a new Board of Trustees pursuant to Section 7.2.8; or

(ii) reorganize as a nonmembership, nonprofit corporation controlled by those parties that are Members of the Major Transmitting Utilities Member Class at the time of the reorganization.

13.1 Deadline to Offer Transmission Agreements. If the Developmental Board of Trustees has not offered Transmission Agreements to transmission owners and operators in the Geographic Area within twelve (12) months of the first meeting of the Developmental Board of Trustees, the Developmental Board of Trustees may adopt a resolution to dissolve the Corporation and submit the resolution to a vote of the Members in accordance with Section 5.14.5.

13.2 Deadline for Execution of Transmission Agreements. If the Bonneville Power Administration and at least two (2) investor-owned utilities with transmission systems contiguous with the Bonneville Power Administration's system in the Geographic Area do not execute Transmission Agreements within twelve (12) months of their offer, the Developmental Board of Trustees may adopt a resolution to dissolve the Corporation and submit the resolution to a vote of the Members in accordance with Section 5.14.5.

Proposed Revised Operational Bylaws

7.1.2 Number and Classification.

(i) There shall be nine (9) members of the Operational Board of Trustees. Absent a resignation or removal, Trustees shall serve for the duration of their terms in accordance with these Operational Bylaws and until their successors are elected. A Trustee elected to fill a vacancy mid-term shall serve for the remainder of the term of the Trustee being replaced and until a successor is elected.

(ii) At least a majority of the Operational Board of Trustees in office shall possess knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area.

7.2.2 Identification and Nomination of Suitable Candidates.

(i) Before each election of Trustees under these Operational Bylaws, the executive search firm selected by the Board of Trustees under Section 7.2.1 shall develop a slate of qualified candidates. The Board of Trustees in consultation with the MRC may direct the firm provide a specific number of candidates, with the minimum to be equal to the number of vacancies plus one (1) and the maximum to be twice the number of vacancies to be filled in such election. Trustees and MRC members may submit the names of proposed candidates to the executive search firm for consideration. Members of the Corporation may also submit the names of proposed candidates to the chairperson of the MRC, who shall forward those names to the executive search firm. Unless a Trustee has given notice to the Secretary of the Corporation that he or she does not wish to be considered for re-election, any Trustee whose term is expiring as of an upcoming election shall be automatically included among the candidates to be considered by the MRC for nomination.

(ii) Two thirds of the slate of qualified candidates identified by the executive search firm shall include individuals possessing knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area. The slate should include individuals possessing, collectively, executive management experience or board experience with electric utilities and personal abilities and qualities, such as integrity, leadership, problem-solving, facilitation, and consensus-building. The search firm shall endeavor to include individuals with relevant experience in commodities markets (including commodities trading risk management), electric bulk power transmission in the Western Interconnection, utilities law, finance, economics, accounting, information technology, engineering, regulation, and public policy; and to achieve racial, ethnic, age, and gender diversity. In screening potential candidates the executive search firm shall be instructed to exclude any candidate likely to have a conflict of interest with the duties of a Trustee. The executive search firm shall also be instructed to obtain appropriate disclosures by candidates (covering themselves and Related Persons to such candidates) regarding financial interests in or other potential conflicts of interest with Market

Participants, Members, and major contractors of the Corporation. Such disclosures shall also include any such financial interests or other potential conflicts of interest known by the candidates with respect to other family relations of the candidates. The disclosures of qualified candidates shall be made available on a confidential basis to the MRC upon its election.

(iii) The MRC shall nominate candidates to stand for election from the slate of qualified candidates presented by the executive search firm, together with any sitting Trustees the MRC wishes to nominate for re-election as provided in Section 7.2.2(i). The MRC may designate any nominee to run unopposed if the proposal to so designate the nominee receives the affirmative vote of not less than twenty (20) MRC members.

7.2.4 Election of Board of Trustees.

(i) The members of the Board of Trustees shall be elected by the members of the MRC, in accordance with the provisions of this Article VII.

(ii) Except as otherwise provided for the initial Operational Board of Trustees in Section 7.2.3, each member of the Board of Trustees, including nominees designated by the MRC to run unopposed, shall be elected by the affirmative vote of not fewer than twenty (20) members of the MRC unless there is a need for runoff elections as specified in Section 7.2.4(iii). In any election of Trustees, each member of the MRC shall be entitled

(a) to a number of votes equal to the number of vacancies to be filled in the election; and

(b) to vote for any nominee for Trustee.

Each MRC member shall be required to vote for as many nominees as there are vacancies to be filled in the election; provided, however, that no member of the MRC

(1) may cast more than one (1) vote for any given nominee;

(2) may vote for any number of nominees in excess of the number of Board vacancies to be filled in such election; or

(3) is required to vote for an unopposed nominee for whom the Member did not vote affirmatively to nominate.

Except with respect to the vote on a nominee designated to run unopposed by a Member that did not support the nomination, if any member of the MRC fails, in any election of Trustees, to cast each and all of the votes that such MRC member is entitled to cast, each vote that such MRC member has failed to cast shall be allocated at random, one by one, to another MRC member and cast by such MRC member in favor of a nominee of such member's choice for Trustee in such election. Except as permitted in connection with runoff elections as specified in Section 7.2.4(iii), the Trustees-elect shall

comprise only those nominees receiving the highest vote (but not in any event fewer than twenty (20) votes) of the MRC members, up to such number of nominees as is equal to the number of Board vacancies to be filled in such election); provided, however, if less than a majority of current Trustees have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 20 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 20 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. If a vacancy cannot be filled because two (2) or more nominees receiving at least twenty (20) votes receive the same number of votes, a runoff election shall be held among such nominees and shall be repeated until the tie is broken. At any time during the identification of candidates for nomination or during the process of electing Trustees, the MRC may request that the executive search firm undertake a further search for additional candidates for any vacant position(s).

(iii) (a) If fewer than the requisite number of nominees receive twenty (20) or more votes in an election of Trustees, a first-round runoff election shall be held among the nominees receiving fewer than twenty (20) votes; provided, however, if less than a majority of current Trustees plus Trustees-elect have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 20 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 20 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. The minimum number of MRC votes required to elect a Trustee in a first-round runoff election shall be twenty (20). The number of nominees for which the MRC may vote in a first-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who received receive twenty (20) or more votes in the initial MRC vote. The number of nominees standing for election in a first-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the first-round runoff election those nominees who receive the fewest votes in the initial MRC vote.

(b) If fewer than the requisite number of nominees receive twenty (20) or more votes in the first-round runoff election, a second-round runoff election shall be held among the nominees receiving fewer than twenty (20) votes; provided, however, if less than a majority of current Trustees plus Trustees-elect have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 20 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 20 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. The minimum number of MRC votes required to

elect a Trustee in a second round runoff election shall be twenty (20). The number of nominees for which the MRC may vote in a second-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who receive twenty (20) or more votes in the first-round runoff election. The number of nominees standing for election in a second-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from further consideration those nominees who received the fewest votes in the first-round runoff election.

(c) If fewer than the requisite number of nominees receive twenty (20) or more votes in the second-round runoff election, there shall be a third-round runoff election to fill any remaining vacancies, and the minimum number of MRC votes required to elect a Trustee in a third-round runoff election shall be sixteen (16); provided, however, if less than a majority of current Trustees plus Trustees-elect have knowledge of and experience with the [operational] characteristics of the power system in the Geographic Area, then as many nominees with such qualifications and receiving at least 16 votes as are necessary to create a majority on the Board with such qualifications will be selected first, in the order of their ranking, from the ranked nominees. The highest ranked nominees with at least 16 votes but without such qualifications shall then be selected, in order of their ranking, as needed to seat a full Board. The number of nominees for which the MRC may vote in a third-round runoff election (including supplemental nominees selected from any additional candidates requested from the executive search firm) may not exceed two (2) times the number of vacancies remaining after accounting for those nominees who receive twenty (20) or more votes in the second-round runoff election. The number of nominees standing for election in a third-round runoff election shall be reduced, if necessary to comply with the preceding sentence, by removing from the third-round runoff election those nominees who receive the fewest votes in the second-round runoff election. If there are any vacancies remaining to be filled after a third-round runoff election, those vacancies shall be filled by the nominees who received the greatest number of votes in the third round runoff election. The MRC chairperson shall draw lots to break any ties as necessary to carry out the provisions of Section 7.2.4 and its subsections.

(iv) Immediately upon completion of the election of Trustees, the Secretary of the Corporation shall provide official notice of the results of such election to the members of the MRC and the Members. Unless otherwise specified herein, the MRC shall determine the appropriate mechanisms and election procedures for elections of Trustees, based on time constraints and other relevant factors. Elections may be held by written ballot at a meeting, votes cast at a meeting, or such other procedures as the MRC designates.

[Two options are available to address continuing concerns about scope creep beyond the existing Special Issues: (i) add one or two specific concerns to the existing Special Issues list in 7.16.1 or (ii) add a Member veto to Section 7.17 but also expand the board actions that are excluded from a Member vote so as to limit the veto authority only to proposals for major scope change.]

7.16 Special Issues List.

7.16.1 The Special Issues List. The following matters constitute the “Special Issues List”:

- (i) Authorization for the Corporation to exercise backstop measures with respect to chronic, significant, commercial congestion;
- (ii) The Corporation’s departure from using the company rate approach to pay for “transmission access” as defined in Section 7.16.3;
- (iii) Authorization for the Corporation to issue financial transmission rights;
- (iv) Authorization for the Corporation’s market monitor to impose penalties or actively intervene in markets; and
- (v) Authorization for the Corporation to adopt and enforce a loss methodology that overrides individual company loss methodologies.

The matters identified in the Special Issues List shall be subject to the provisions of Sections 7.16.7 through 7.16.9.

7.16.7 Procedural Requirements Applicable to Special Issues List. An action by the Corporation to invoke an authorization or take an action identified on the Special Issues List is subject to the procedural requirements set forth in Sections 7.16.7(i) through 7.16.7(vii).

(v) Members Representative Committee Vote. Promptly after receiving a proposal from the Board of Trustees under Section 7.16.7(iv), the MRC shall issue (or caused to be issued) notice of a meeting of the MRC to vote on the proposal. Promptly following the completion of any notice period required by these Operational Bylaws, the MRC shall vote to indicate whether it supports a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv).

- (a) If fewer than sixteen (16) members of the MRC vote against

a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the Board of Trustees may, after the MRC has voted, implement the proposal without any further vote of the Board of Trustees.

(b) If at least sixteen (16) but not more than [18 or 19] members of the MRC vote against a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the matter will be deemed “remanded” to the Board of Trustees due to insufficient MRC support and final adoption of the proposal shall require a vote of the Board of Trustees in accordance with Section 7.16.7(vi).

(c) If at least [19 or 20] members of the MRC vote against a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the Board of Trustees may not implement the proposal.

(vi) Final Board of Trustees Vote. If the MRC votes to remand a proposal submitted to it by the Board of Trustees in accordance with Section 7.16.7(iv), the Board of Trustees may, following the MRC vote required under Section 7.16.7(v) (and in compliance with all applicable provisions of these Operational Bylaws concerning notice of and the manner of conducting meetings of the Board of Trustees) take final action to adopt the proposal only by an affirmative vote of not fewer than seven (7) of the Trustees then in office.

(vii) Implementation Following Final Board of Trustees Vote. Except in the case of emergency as declared by the Board of Trustees, if the Board of Trustees has taken final action to adopt a proposal after that proposal has been remanded to the Board of Trustees by an MRC vote under Section 7.16.7(v)(b), the Board of Trustees may not implement the proposal until at least thirty (30) days following the final Board of Trustees vote.

7.17 Member Ability to Elevate Board of Trustees Approval Vote on Policy or Scope Changes Considered Major. Subject to the exclusions set forth in Section 7.17.5, if the Board of Trustees proposes in a notice of or agenda for a Board of Trustees meeting to take action that Members consider to be a major change in the scope of the Corporation’s activities or the policies governing the Corporation’s activities, or the Board of Trustees takes action (at a meeting or by written consent) that the Members consider to be a major change in the scope of the Corporation’s activities or the policies governing the Corporation’s activities (and the action was not included in a Board of Trustees meeting notice or agenda), the Members may indicate their concern with respect to the action and trigger a requirement that at least seven (7) Trustees must vote to authorize the action as provided in Sections 7.17.1 through 7.17.4.

7.17.1 Member Action to Express Concern. If, during the interval provided in Section 7.9.1, the Members wish to indicate their concern with respect to a proposed matter that Members consider to be a major change in the scope of the Corporation’s activities or the policies governing the Corporation’s activities, they may do so by

(i) convening a special meeting of Members within thirty (30) days after

(a) the Corporation has published notice of or an agenda for the applicable meeting of the Board of Trustees or proposed written consent (if the notice or agenda included the proposal for the Board of Trustees to act on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities),

(b) the Board of Trustees has taken action on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities (and the action was not included in the Board meeting notice or agenda), or

(c) the Board of Trustees takes action by written consent without prior notice, whichever is earliest; or

(ii) conducting a vote as provided in Section 7.17.2 at a biannual or other regular meeting of Members if the biannual or other regular meeting of Members occurs within thirty (30) days after

(a) the Corporation has published notice of or an agenda for the applicable meeting of the Board of Trustees or proposed written consent (if the notice or agenda included the proposal for the Board of Trustees to act on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities),

(b) the Board of Trustees has taken action on a matter that Members consider to be a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities (and the action was not included in the Board of Trustees meeting notice or agenda), or

(c) the Board of Trustees takes action by written consent without prior notice, whichever is earliest.

7.17.2 Trigger for Elevated Board of Trustees Approval Vote. If at a special meeting of Members convened in accordance with Section 7.17.1(i) or a biannual or other regular meeting of Members as provided in Section 7.17.1(ii), not less than eighteen (18) votes' worth of voting power held by the Members vote to indicate that an action proposed or approved by the Board of Trustees constitutes a major change in the scope of the Corporation's activities or the policies governing the Corporation's activities and should not be implemented unless at least seven (7) Trustees then in office vote in favor of implementation, then, unless the matter is covered by an exclusion set forth in Section 7.17.5, the requirements of Sections 7.17.3 and 7.17.4 shall apply.

7.17.3 Elevated Board of Trustees Approval Vote. If the requirements for a

Member vote to trigger an elevated Board of Trustees approval vote as set forth in Section 7.17.2 have been satisfied with respect to a matter, the Board of Trustees may not approve or authorize any proposed action with respect to that matter unless at least seven (7) Trustees then in office vote to approve or authorize the action. In addition, if a Member vote pursuant to Section 7.17.2 that triggers an elevated Board of Trustees approval occurs after the Board of Trustees has taken action with respect to the matter, the Board of Trustees must meet again to vote on final authorization or approval of the applicable action (even if seven (7) or more Trustees voted initially to authorize or approve the action).

7.17.4 Implementation Timing. Except in the case of emergency as declared by the Board of Trustees, if the Board of Trustees has taken final action on a matter for which the Members have triggered an elevated Board of Trustees approval vote in accordance with Section 7.17.2, the Board of Trustees may not implement the major change in scope or policy until at least thirty (30) days following the final Board of Trustees vote.

7.17.5 Exclusions. The following shall not be subject to the provisions of Sections 7.17.1 through 7.17.4:

- (i) matters subject to the “Special Issues List” provisions of Section 7.16;
- (ii) the development, modification, or authorization of current or proposed budgets for the Corporation;
- (iii) any Board of Trustees action to authorize, initiate, or conduct studies or analyses related to the Corporation’s activities or services (or potential changes to the Corporation’s services or activities);
- (iv) the Corporation’s merger or dissolution or the sale, exchange, or other disposition of any of the Corporation’s assets;
- (v) amendment of these Operational Bylaws; and
- (vi) personnel matters, litigation, real estate transactions, and other similar matters that the Board of Trustees is authorized to address in executive session.